

United States Senate
WASHINGTON, DC 20510

May 11, 2006

The Honorable George W. Bush
The President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

We respectfully request the United States refrain from entering into a bilateral agreement supporting Russian accession to the World Trade Organization ("WTO"), until the Russian Government takes strong affirmative measures to correct the theft of intellectual property and abandon numerous other trade distorting policies.

As you well know, since the end of the Second World War, the United States has, on a number of occasions, accepted non-reciprocal trade concessions in order to further important Cold War and post-Cold War foreign policy objectives. Examples include offering Japan and Europe non-reciprocal access to American markets during the 1950s and 1960s in order to strengthen the economies of our allies and prevent the spread of Communism. At the time, this policy was affordable due to the tremendous size of the trade surpluses the United States enjoyed. Though supporting developing economies of the poorest nations is still a noble objective, prudence demands, due to the size of our current trade deficit, that the United States maintain an aggressive posture when negotiating with more industrialized nations. For example, in the case of China's accession to the WTO, the United States should have insisted that China significantly correct market irregularities, such as the rampant theft of intellectual property and the pegging of its currency, before our nation agreed, in significant part for foreign policy reasons, to the 1999 U.S.-China Bilateral Agreement on WTO Accession.

Today, our nation faces a similar dilemma regarding Russia's desire to become a member of the WTO. As you know, Russia has become a bastion of intellectual property theft. For example, the respected International Intellectual Property Alliance ("IIPA") reports that despite the fact that Russia only requires the equivalent of five CD manufacturing facilities to meet domestic demand, there are currently 47 Russian CD manufacturing plants in operation. The IIPA has confirmed that 24 of these plants are producing pirated material and at least nine of these factories are located on military installations. It is currently believed that Russian pirates ship their wares to approximately 27 foreign markets, further denying export earnings to American companies. Adding insult to injury, we have been informed that the Russian Government is proceeding with legislation that would eliminate current intellectual property protections. Clearly, this situation runs counter to American economic interests.

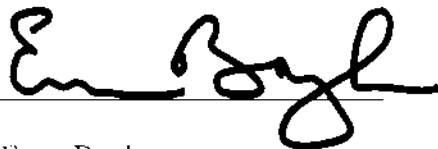
during a time in which a nation's international standing is firmly rooted in its economic vitality.

However, our concerns also run the gamut of trade matters. For example, in the United States Trade Representative's *2006 National Trade Estimate Report on Foreign Trade Barriers*, Russia is described as "maintaining a number of barriers with respect to imports, including tariffs and tariff rate quotas; discriminatory and prohibitive charges and fees; and discriminatory licensing registration, and certification regimes." This was clearly shown in 2003 with the imposition of a quota on poultry. The report goes on to discuss how "non-tariff barriers are frequently used to restrict foreign access to the market." This includes Russian agencies imposing scientifically unsubstantiated sanitary and phytosanitary restrictions on agricultural products, as well as requiring phytosanitary certificates for such non-agricultural products as Styrofoam cups and furniture. According to the report, Russia imposes a 15 percent export on ferrous steel scrap, restricting world supplies of steel scrap and increasing the cost to U.S. steel producers. Large and unproductive impediments also confront the importation of American pharmaceutical products. History has shown conclusively that nations' adopting aggressive non-tariff barriers continue to hinder the importation of American goods despite those nations' WTO obligations. This unease has only been emphasized by Russia's enactment in 2004 of a new Customs Code that was allegedly designed to bring that nation's "customs regime into compliance with WTO requirements."


Therefore, we believe the United States should refrain from entering into a bilateral agreement supporting Russian accession to the WTO, until the Russian Government takes strong affirmative action in these areas, which can be quantified, verified and have been sustained over a period of time.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Evan Bayh", written over a horizontal line.

Evan Bayh
United States Senator

A handwritten signature in black ink, appearing to read "Orrin Hatch", written over a horizontal line.

Orrin G. Hatch
United States Senator